

**GROUP BASED INSURANCE AND FINANCIAL INTERMEDIATION:  
EVIDENCE FROM THE PERI-URBAN GAMBIA**

by

Geetha Nagarajan,

Richard L. Meyer

and

Douglas H. Graham

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Rural Finance Program  
Department of Agricultural Economics  
The Ohio State University  
2120 Fyffe Road  
Columbus, Ohio 43210-1099

## **Abstract**

This paper describes the operational mechanism used by informal groups in The Gambia called kafos. The evolution of kafos and the functions performed by indigenous and NGO kafos in peri-urban areas are described. The quality of services provided by indigenous and NGO kafos is discussed to derive implications for NGO involvement in kafos. The paper concludes that NGOs should be cautious when they offer financial services through the kafos by not underpricing their loans to the detriment of indigenous kafos.

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Subsaharan African (SSA) countries report a variety of indigenous self-help groups at the village level (Bouman, 1994).<sup>1</sup> In The Gambia such groups are called *kafos*.<sup>2</sup> They are voluntarily formed groups that provide insurance, financial intermediation, labor exchange, and non-commercial social and political services within the community. These *kafos* are important informal mechanisms that indigenously substitute for missing markets for finance, insurance and labor in rural and peri-urban villages. *Kafos* are usually homogenous in terms of member age, ethnicity, gender and occupation but have various membership sizes (Shipton, 1992). They are frequently found in rural and peri-urban areas, especially among farming communities.

With the implementation of the Economic Reform Program (ERP) that liberalized the economy beginning in 1985, economic activities and incomes in urban Banjul have grown resulting in increased demand for a wide variety of services including financial intermediation. With a limited formal banking system and inadequate government support for income generating activities, NGOs have become active in providing financial services and technical assistance throughout the country. Since the targeting of groups rather than individuals is presumed to reduce borrower screening and monitoring costs for financial intermediaries and since groups may be an efficient way to disseminate information about technology, NGOs have begun to organize *kafo*-like groups or use existing indigenous *kafos* as conduits to channel their financial and technical assistance services. The NGO *kafos* are designed by external donors who usually do not reside in the area or participate in *kafo* activities. While some NGOs use external funds to provide subsidized loans to targeted members of the *kafos*, others simply extend technical assistance. The indigenous *kafos*, on the other hand, are custom designed to meet their member needs and utilize internally mobilized resources. Therefore, NGO formed *kafos* with their diverse institutional designs are expected to have an externality effect on the indigenous village *kafos*.

It is important to understand the operational mechanism of indigenous institutions such as *kafos* in order to anticipate some of the consequences of introducing new institutions to resolve economic and social problems. Although several studies have documented the existence of *kafos* in the rural Gambia (Carney, 1988; Shipton, 1992; Nagarajan, Meyer and Ouattara, 1994), there are no detailed studies of peri-urban *kafos*: their composition, functions, terms and conditions for the provision of various services and spillover effects due to interactions with NGOs. This paper represents the first step in filling this vacuum. First, the evolution of *kafos* is documented and the functions performed by indigenous and NGO *kafos* are described. Second, the types and quality of services provided by indigenous and NGO *kafos* are discussed to derive implications

for NGO involvement in kafos. Data on 23 peri-urban kafos, 19 indigenous and four formed by NGOs, are used for the analysis.

## 2. Evolution of Kafos

It is important to trace the evolution of kafos in order to place the current peri-urban kafos in some perspective. Kafos began as simple age-based self-help groups. They have now evolved into more complex social and economic institutions in rural and peri-urban areas. This evolution has been influenced by several micro level processes that shape their formation, and macro level processes that facilitate their evolution as economic institutions. The emergence of these more complex kafos can, therefore, be explained through variations in these micro and macro processes.

It is not exactly clear when kafos originated in the Gambia. It can be postulated, however, that they were formed in the early sixteenth century in areas currently called The Gambia when the majority of the tribes found there migrated from Mali. The presence of indigenous village groups similar to kafos called demisenu tons are documented in Mali as early as the late fifteenth century (Hopkins, 1971). The term kafo historically referred to groups of individuals that belong to particular age groups within a ward or a village. Kafos composed of individuals aged above forty five years functioned as an elite council that formulated rules for the community, while kafos of individuals between the ages of twenty to forty five were often responsible for providing labor services. The kafos were primarily involved in implementing self-help public works projects such as village cleaning, well digging, house building and, to a lesser extent, the cultivation of crops for households with insufficient family labor. The kafos that provided labor services to individual farmers were compensated with food and drinks (Hopkins, 1971). Providing labor to the kafo was mandatory and a failure to do so was punishable by fine or by threat of physical force. Kafo members also participated in organizing social and political activities within the village (Weil, 1971).

With the shift from subsistence to more commercialized agriculture through the introduction of cash crops such as groundnuts that require a large and constant flow of labor, and with the lack of organized labor markets, kafos began to also function as labor rotation or exchange groups. In these kafos, members rotated labor among their plots and hired out labor to adjacent families with insufficient labor. At this point the criteria for membership expanded to include both age (working age adults) and occupation. Kafos functioned as convenient mechanisms to organize labor on a mutual help basis and also increased the bargaining power of hired labor, especially in rice growing areas (Carney, 1988).

It is difficult to chronologically identify the period when these labor rotation groups also began to undertake insurance and financial services such as rotating and non-rotating savings and credit programs. Nevertheless, it can be viewed as a logical response to the commercialization of agriculture. The shift to commercial crops had three effects on village household economies: (i) it reduced the food crop area that provided food security to farm households; (ii) it increased the household's cash flow through the sale of cash crops; and (iii) it led to the formation of

commercialized labor groups that were no longer willing to provide free labor services. While the commercial crops often produced high yields, they were also prone to exogenous shocks that led to high yield variance. But formal insurance markets did not exist to insure against idiosyncratic risks and to provide food security by consumption smoothing. Furthermore, there were few formal financial means to mobilize the savings that accrued from commercial farming or to provide emergency credit to cover individual contingencies. Kafos began to incorporate, therefore, the functions of insurance and financial markets besides their more traditional functions.

The more modern kafos, while maintaining some of their historical characteristics, have evolved into multifunctional informal groups with multiple criteria in addition to age for member eligibility. In addition to these indigenous kafos, NGOs have begun to organize kafo-like groups to channel financial services and technical assistance to rural and peri-urban villages. In fact, the term kafo has now become a generic term to represent the majority of group activities undertaken in a village. Therefore, we refer to kafos organized by NGOs as NGO kafos to distinguish them from indigenous kafos that do not have direct NGO involvement.

Several authors have documented indigenous kafos as versatile and complex village level institutions in The Gambia (Carney, 1988; Shipton, 1992). While the kafos are well established institutions, several variations have been observed in terms of their functions as a result of the specific microenvironment in a given village. The next section highlights some of the variations in kafo functions that have emerged. Differences in their level of NGO involvement are noted as one explanation for their evolutionary path.

### 3. Description of the Data

Six villages located in peri-urban Gambia were selected for this study. These villages were within a radius of 20 km from Banjul, the capital city. A total of 62 kafos were identified in the sampled villages. Since this paper highlights the insurance and financial services provided by kafos, 23 kafos qualified as the sample for the study. The kafo leaders were interviewed during February-March 1993 using structured questionnaires to collect current and retrospective data on the origin of the kafo, membership size and composition, functions performed, terms and conditions associated with these functions, contract enforcement techniques, and type of NGO involvement in kafo activities. The kafo leaders were often accompanied during the interviews by their committee members and important kafo members. This helped to cross check the data and ensure high quality responses. Furthermore, additional informal interviews were conducted with village leaders and elders.

#### a. General perspective on kafos and kafo leaders

A total of 19 indigenous and four NGO kafos provided insurance and financial intermediation services in the study area. On average, the indigenous kafos were 9.1 years old, while NGO kafos were 2.9 years old. Whereas nine of the 23 kafos sampled were comprised of women only and three were comprised of men only, 11 were mixed gender. Villages tended to

be served by more mixed and pure female compared to pure male kafos. The villages were, in general, served by more than one kafo providing insurance and financial services.

The 23 kafos were headed by 19 different leaders of which nine were men and ten were women. Each respondent tended to head more than one kafo. While the gender of the leader of the kafo was determined by the majority gender of the members, men were often preferred as heads in mixed and even in some pure female kafos to avoid conflicts among women members <sup>3</sup>.

In mixed gender kafos, members of the management committee were comprised of both genders, while they were comprised of men (women) in pure men (women) kafos. The committee was chosen democratically. Whereas the activities and rules for the provision of kafo services were decided by the members in indigenous kafos, in NGO kafos the governing rules were suggested by external donors who neither reside nor participate in the kafo activities as members. Of course, the final decision to accept NGO suggestions on kafo activities and associated operational rules is made by kafo members. In the majority of cases, however, the kafos accept the NGO suggestions for fear of losing external support. In fact, several indigenous kafos reported that in order to secure funding they were willing to associate with NGOs and restructure their activities according to their suggestions. Several creative responses to the enthusiasm by the NGOs for using indigenous kafos as their conduits were observed in the sample. They include making video tapes of their activities to show the NGO representatives and creating a separate kafo fund to contact NGOs and entertain them <sup>4</sup>.

b. Membership size, composition and membership criteria

The membership size, composition and criteria for kafo membership are presented in table 1. The kafos, on average, had more than 100 members, 81 women and 27 men, representing 70 percent of the adult population in the village <sup>5</sup>. Kafo leaders reported that roughly 85 percent of their members reported farming as their primary economic activity reflecting the agricultural nature of the peri-urban area. The higher participation by female members in NGO compared to indigenous kafos is explained by the NGOs' emphasis on organizing kafos for women.

On average, the age of kafo members ranged from just under 20 to about 77 years. However, members in NGO kafos were younger compared to indigenous kafos indicating a greater relative participation of a more economically active population. Indigenous kafos, on the other hand, included older and more marginal populations and, as a consequence, were organized to provide insurance (contingency loans) services to this group.

Membership in multiple kafos was common with members on average participating in two kafos. In general, the members of NGO kafos participated in more kafos than did the members of indigenous kafos. Several of the members of NGO kafos maintained their membership in both indigenous and NGO kafos to realize a broader range of services than could be gained in either kafo separately.

Multiple criteria were used to recruit kafo members. The survey revealed that the criteria included, in order of priority, geographic proximity, gender, occupation, age, ethnicity and marital status <sup>6</sup>. It is interesting to note that while geographic proximity was an important criteria to screen members in indigenous kafos, occupation and gender predominated in NGO kafos. This underscores the preference of NGOs for economically active women compared to the indigenous kafos.

### c. Kafo functions

Kafos performed several types of functions including the provision of insurance, financial intermediation, labor, social and political services. No significant differences were found in the terms and conditions for the several services offered, except for financial services, by NGO and indigenous kafos. However, the type of services was different. The following section first describes the terms and conditions of kafo functions and this is followed by a comparison of the number and types of functions provided by NGO and indigenous kafos, respectively. The functions performed by kafos can be classified as follows:

**Insurance:** Twelve indigenous kafos reported performing insurance functions. An average of 4.3 hectares was collectively cultivated, primarily in the rainy season, by the members. The crops grown included coarse grains, vegetables, groundnuts and sesame. Some kafos also operated machinery such as a coarse grain milling machine. The proceeds from these economic actions were contributed towards a common kafo fund primarily used to mitigate village level contingencies and, to a lesser extent, member contingencies. Member contingencies included medical expenses, funerals and fire accidents. An average of D 1,724 was reported as the size of these common kafo funds <sup>7</sup>. An average of four members were reported to have received loans ranging from D 32 - 80 at an interest rate of 4.8 percent for an average term of four months <sup>8</sup> (table 2). Due to the small amount of common kafo funds that can be allocated to loans, kafos reported resorting to loan size rather than loan quantity rationing <sup>9</sup>. Some of the large kafos allocated part of their funds to village level contingencies and divided the rest among themselves instead of supplying loans to members.<sup>10</sup>

**Common economic activity:** Conducting a common economic activity was observed to occur more frequently among NGO than indigenous kafos. These activities involved the members collectively undertaking vegetable gardening, soap making or ram fattening. The NGOs provide the vegetable garden plots, fencing materials and assistance for digging wells for NGO kafos. In the indigenous kafos, however, the land was allotted by the village leader, and the members voluntarily fenced and dug wells. In both the indigenous and NGO kafos, the members collectively owned the land, fence and wells but they were allotted individual plots and were given the autonomy to determine cropping schemes and marketing outlets. The sales proceeds, therefore, accrued to the individual members. Some kafos insisted that the members contribute a small fixed amount to maintain the garden.

In soap making and ram fattening kafos, members pooled their financial and labor resources to purchase inputs and jointly conducted the activity. The sales proceeds were divided equally among members. These common economic activities helped the members realize some economies of scale in resource use that would have been impossible for individual production.

**Financial intermediation:** Nine indigenous and two NGO kafos reported performing financial intermediation in which the members undertook savings and lending activities on an organized basis. On average, the savings were mobilized every two months through a regular contribution of D six and two per member to the kafo savings fund that roughly amounted to D 3,365 and D 1,350 per year in the indigenous and NGO kafos, respectively. The NGO kafos generally depended on the NGOs to provide funds for their loan activities. This common fund was usually nonrotating in nature. One NGO and two indigenous kafos deposited their funds in commercial banks but the rest maintained them with their treasurer. While this savings fund was used to primarily provide contingency loans to members and to build village infrastructure in indigenous kafos, it was used to make production loans to members in NGO kafos. Some indigenous kafos simply divided the fund among members at the end of a specified time (ex. Ramadan feast). Average loan size per member in indigenous kafos was higher (D 84) compared to NGO kafos (D 45). These loans were made at a group determined interest rate of 12.5 percent and 6.0 percent in indigenous kafos and NGO kafos, respectively, for a period of three months. There were two indigenous (11 percent of the sample) and two NGO kafos (50 percent of the sample) that charged less than one percent for a period of three months. Penalties for non-repayment of loans in indigenous kafos included social sanctions against the family of the borrower, while in NGO kafos the defaulter lost future borrowing privileges. The loan recovery rate in indigenous kafos was 68 percent, despite the large number of contingency loans, compared to NGO kafos that reported 62 percent. The NGO kafos generally made production loans that are expected to generate profits (table 3).

Rotating savings and credit associations (RoSCAs) called osusus are increasingly found within kafos. There was no marked difference in the operation of osusus between indigenous and NGO kafos. Eight indigenous and two NGO kafos reported the presence of osusus within their kafos. An average of 3.2 osusus operated within a kafo because osusu membership is limited to small groups of about 31 members. The majority of osusus were comprised of female members. On average, about 30 members contributed D 8 each to the common pot. This pot (average size of D 181) was allocated every 12 days to one member. The allocation was based on some previously agreed criterion such as order of member recruitment into the osusu or member request or lottery. The pots were reported to be used primarily to meet consumption needs such as buying food, clothes and paying school fees, and secondarily to buy inputs for farming and trading activities. Osusus generally functioned in dry seasons and ceased to exist or slowed down during rainy seasons when the farming activities were scarce. This indicates that stable income flows are required for the functioning of osusus (table 4).

**Labor:** Some kafos engaged in labor exchange primarily during periods of peak demand. The labor rotated among member farms to take advantage of seasonal variations and water



availability on specific plots. Some kafos also sold their labor to non-kafo villagers and the proceeds were usually divided among the participants.

**Social and political:** Although some kafos continuously engaged in social and political functions, the relative importance varied over a given period. The members organized social activities (ex. soccer club, Ramadan festivals, dance and singing groups to entertain NGOs and tourists) or political rallies. While they collected contributions (one-time or periodic) from their members to cover costs, these funds were not used to perform regular insurance or financial intermediation functions.

The data in table 5 summarizes the functions performed by the indigenous and NGO kafos at the time of their origin and as of Feb-April 1993. Each kafo provided more than two services. While the indigenous kafos were active in providing insurance, financial intermediation and social and political services, the NGO kafos primarily performed common economic activities. Furthermore, while the indigenous kafos increased their total number of services from 41 to 47 over the period, the NGO kafos showed no change. This is due to two reasons: (i) the NGO kafos were primarily formed to perform economic activities; and (ii) the NGO kafo members maintained their membership in indigenous kafos which allowed them to receive the services not provided by the NGO kafos. It is interesting to note that the increase in functions performed by indigenous kafos has been primarily due to an increase in RoSCAs within these kafos. RoSCAs are becoming an important informal savings and credit mechanism among farming communities in the peri-urban areas. Since RoSCA membership requires a fairly regular income flow to facilitate regular savings, their emergence may be due to the active trading businesses undertaken by several farming households to supplement their farming incomes.

#### **4. The Quality of Insurance and Financial Intermediation**

The above analysis reveals that kafos are flexible village institutions that adapt to changing socio-economic environments. They provide a variety of services by substituting for missing formal markets for insurance, finance and labor services. This section provides some insights into the quality of services provided by both indigenous and NGO kafos. The quality of services are proxied by the types of members served, types of services offered, and the costs of those services.

##### **a. Type of members served**

Indigenous organizations often play a role in supporting marginal members of society including women, orphaned children and the elderly. In the absence of insurance markets and government social security, villages often assume the moral responsibility of caring for such persons. Both the indigenous and NGO kafos served women members, but while the indigenous kafos included elderly village members who are not economically active, the NGO kafos restricted their membership to the economically active population. Thus some of the marginal village members are better served by indigenous than NGO kafos.

b. Type of services

The indigenous kafos provide insurance and financial services which substitute for the lack of formal markets. These services are extended to both economically active and marginal populations and the benefits are usually not directly linked to the recipient's contributions but are available to all members. In this way, the more fortunate village members often provide a form of social security to the less fortunate ones. This could lead some members to free ride on others. However, members in indigenous kafos are disciplined through strict social norms and peer monitoring. Close geographic proximity and familial relationships among the village communities allow peer monitoring of member behavior and ensure enforcement of discipline. Therefore, the incidence of free riding is reduced.

The NGO kafos, on the other hand, are primarily limited to performing common economic activities that generate additional income for their members. They may help villagers diversify from farming into non-farming activities. This occupational diversification can have two effects on a household. It can facilitate an increase in income and it can reduce the risks due to covariance in household income thereby co-insuring other family members. Since NGOs bring into villages information about economic activities, they may be better prepared to identify suitable promising new activities than the villagers themselves. It is also possible, however, that the NGOs may convince villagers to enter into riskier investments resulting in a possible loss to village welfare in the event of failure. The losses may be unavoidable since the NGO kafos do not generally have insurance mechanisms.

c. Costs of the services

The organization and operation of kafos involves costs. Transaction and agency costs are especially important in the provision of insurance and financial services.

**Transaction costs:** Transaction costs are the implicit and explicit expenses incurred by participants in a transaction. For example, in financial markets they include the costs incurred by borrowers, depositors, lenders, deposit mobilizers and regulators that effect financial transactions. This excludes interest payments, the cost of funds and loan losses (Adams, 1993).

Transaction costs are generally low in both indigenous and NGO kafos since they are not regulated by formal agencies. Furthermore, unlike formal finance, there are few cash costs in the form of time and money spent in traveling to access kafo services because the majority of the members reside in close proximity. In addition, the absence of complex and elaborate record keeping reduces costs. Non cash costs of membership are also low. Most members contribute their labor to kafo activities during their off-work hours which have negligible opportunity costs. Kafo members often consider their participation as time invested in strengthening social ties among kafo members.

**Agency costs:** Agency problems arise because of limited information that can lead to adverse selection of members by a kafo and moral hazard among the members. Moral hazard problems arise when some members attempt to free ride and not contribute their share of labor and/or money to build up kafo funds. This problem will have a negative impact on other kafo members, and eventually high agency problems as they also stop contributing. The careful selection of members using strict member criteria helps reduce information problems and homogeneity in occupation and gender increases the opportunities for peer monitoring and facilitates contract enforcement. Therefore, it can be expected that agency costs in kafos will be lower than in formal financial institutions.

The magnitude of agency costs can be expected to differ between NGO and indigenous kafos. In the majority of villages, membership in an indigenous kafo is considered a moral obligation to the village society. In the NGO kafos, on the other hand, membership is based on the economic self-interest of the members and they are not bound by moral obligations. Therefore, social norms may not be as useful as enforcement mechanism in NGO kafos so agency costs may increase. This is reflected in the slightly lower loan recovery rates recorded for NGO kafos compared to indigenous kafos in our data.

NGOs employ diverse institutional designs for the provision of village level services through kafos. These designs can cause positive or negative externalities for indigenous kafos and thereby affect their agency costs. For example, the provision of financial services by an NGO kafo using external resources at a subsidized interest rate may increase agency costs for indigenous kafos. This may destroy local savings mobilization and teach some villagers to become dependent on cheap external funds. Also some NGOs are relatively lax on loan recovery so this may instill poor recovery habits<sup>11</sup>. Therefore, the indigenous kafos may need to incur additional member screening and monitoring costs to reduce agency problems generated by the negative experience potentially derived from NGO kafo practices.

## **5. Summary and Implications**

Kafos apparently originated in Mali several centuries ago and moved into The Gambia through migrant settlers. Originally, they were created as collective labor arrangements to carry out village labor tasks. Today, they have become informal multifunctional mutual aid societies that meet several villager needs. Their functions include labor sharing, common economic activities in production and marketing, maintaining community infrastructure, savings mobilization and lending, and contingent emergency insurance coverage for marginal members in the village. By providing these services kafos fill in for missing formal markets.

NGOs have recently become active in The Gambia and are providing services to meet village needs in nutrition, education, and health. They are also utilizing kafos to introduce new income generating activities especially for women. Although they appear to follow indigenous kafo practices, it is apparent that the NGO kafos are distinct in the functions they perform. This emerges in their membership and objectives. They are limited to the economically active

population which have serious self-interest in material benefits. There is little attention to the traditional welfare role played by indigenous kafos.

The most recent initiative by NGO kafos has been to offer financial services. They can benefit villagers by bringing in additional resources from outside the village. But the presence of NGO kafos alongside indigenous kafos may create institutional conflicts if the NGOs offer loans at subsidized rates while the indigenous kafos necessarily have to charge higher rates to cover their deposit mobilization costs. Like Gresham's law, this cheap money could drive out dear money and indigenous kafos will be damaged in the process. Therefore, the many NGOs now flocking to provide financial services in many traditional societies must be mindful of their potential damaging effect on indigenous village institutions. The price at which loans are made and the seriousness in efforts to recover loans are two issues of great importance. If the NGO kafos become unsustainable, however, because the donor funds dry up or loan recovery falls to unacceptable levels, they may disappear and leave behind damaged indigenous kafos resulting in a decline in village welfare. Efforts are needed to track the performance of NGO and indigenous kafos over time to determine if NGO interventions can be sustained and to measure the impact on villages of their successes and failures.

## Endnotes

1. These village groups are called demisenu tons in Mali, tons in Senegal, and iddir in Ethiopia (Aredo, 1993; Dupuy, 1991). Similar indigenous village groups are also found under different names in other African countries including Zaire (Slover and Cuevas, 1991) and Cameroon (Schrieder and Cuevas, 1992).
2. Kafo is a Mandinka word that roughly corresponds to yirde or compin in Fula and morom in Wolof in The Gambia (Shipton, 1992).
3. This conclusion is in contrast to kafos found in rural areas where the majority gender of the kafo determined the gender of their kafo leader. Men were, however, asked to serve as committee members and to settle disputes among women members (Nagarajan, Meyer and Graham, 1993).
4. In rural areas, the village leaders offered the NGOs garden plots to develop kafos for their community. Some villages, in fact, were not interested in developing their garden kafos since they were aware of the NGO assistance to garden kafos in their neighboring villages. In addition, to attract an NGO that targets women by providing subsidized in-kind fertilizer credit, one of the villages combined its pure male kafo with the female kafo. Since the majority of the women did not require fertilizer for their food crop production, the fertilizer was diverted to male members who often defaulted on their loans (Nagarajan, Meyer and Graham, 1993).
5. This is large compared to the membership size of rotating savings and credit associations called osusus in which the membership sizes ranged between ten to 24. The osusus are another type of important informal group in peri-urban areas that are active in financial intermediation (see Nagarajan, Graham and Meyer, 1994 for details).
6. Female kafos considered marital status an important criteria for kafo membership. Unmarried women were usually young and were considered only temporary members of the village.
7. One US \$ = 8.2 Dalassis.
8. The banks charged an annual interest rate of 27 percent while the annual inflation rate was about nine percent in 1993.
9. Loan size rationing occurs when borrowers are supplied with smaller sized loans than demanded, while loan quantity rationing occurs when the applicants are denied credit altogether.
10. This is rational behavior since the size of a group is inversely proportional to the familiarity and linkages among its members. Therefore, the informational and peer

11. ~~See Nagajohn, Mayer and Gupchak, 1993 for details~~ ~~See Nagajohn, Mayer and Gupchak, 1993 for details~~ lines with an increase in group size.

**Table 1. Membership Size, Composition and Criteria in Peri-Urban Kafos**

Items	Indigenous Kafos	NGO Kafos	Total
Sample Size	19	4	23
Ave. No. of Members	102	126	108
Female	77	112	81
Male	36	15	27
Ave. Age of the Members (Years)			
Maximum	75	52	77
Minimum	19	17	20
Ave. No. of Kafos in which Members Participate	1.8	2.5	2.0
Membership Criteria (No. of kafos reporting) <sup>a</sup>			
Geographic Proximity	15	3	18
Occupation and Gender	6	4	10
Ethnicity	2	0	2
Age	1	1	2
Marital Status	2		2

a Since more than one criterion is used to decide on membership, the total may not add up to the sample size.

**Table 2. Common Plot Activities: Crops Grown, Plot Size, Income, Use of Funds and Loan Characteristics**

Items	Responses
No. of Kafos Reporting	12
Indigenous Kafos	12
NGO Kafos	0
Crops Grown (by order of importance)	Coarse Grains, Vegetables, Groundnut, Sesame
Primary Season for the Activity	Rainy Season (June- October)
Ave. Size of the Plot (Hectares)	4.3 (3.6) <sup>a</sup>
Ave. Net Annual Income from the Plot (Dalassis)	1,724 (1,426)
Primary Uses of the Funds (no. of kafos Reporting)	
Community Infrastructure	5
Contingency Credit to Members	3
Inputs for Common Plot	2
Divide Proceeds and Social Functions	2
Ave. No. of Borrowers/Kafo/Year	4
Maximum Loan Size to Members (Dalassis)	80 (269)
Minimum Loan Size to Members (Dalassis)	32 (103)
Weighted Average Interest Rate (%) (Weight = 4 months)	4.8 (9.4)

<sup>a</sup> Standard deviations are given in parentheses.



**Table 3. Characteristics of Non-Rotating Savings and Credit Activities**

Items	Indigenous Kafos	NGO Kafos
No. of Kafos Reporting	9	2
Ave. Contribution/member/period (Dalassis)	5.5 (6.2)	1.8 (2.1) <sup>a</sup>
Ave. Frequency of Mobilization Period	2 months	2 months
Ave. Fund size per Year (Dalassis)	3,365 (5277)	1,350 (1587)
Primary Uses of Funds (No. of kafos reporting)		
Contingency Loans to Kafo Members	6	0
Production Loans to Members	1	2
Divide among members/buy consumption goods	1	0
To build village infrastructure/meet village contingencies	1	0
Ave. Loan Size (Dalassis)	83.9 (150.9)	44.8 (33.6)
Weighted Ave. Interest Rate (%) (Weight = 3 months)	12.5 (21.1)	6.0 (13.5)
Ave. No. of Borrowers/Kafo/Year	21	5
Loan Recovery Rate (%)	68	62

a Standard deviations are given in parentheses.

**Table 4. Characteristics of Rotating Savings and Credit Association Activities**

Items	Responses
No. of Kafos Reporting	12
Indigenous Kafos	10
NGO kafos	2
Primary Season for the Activity	Dry Season (December-May)
Ave. No. of Osusus per Kafo	3.2 (2.2) <sup>a</sup>
Ave. No. of Members	30.9 (24.6)
Ratio of Female Members	84.2
Frequency of Contribution (Days)	12.2 (18.4)
Frequency of Allocation (Days)	12.4 (18.7)
Ave. Amount of Contribution (Dalassi/member/rotation)	8.1 (5.1)
Ave. Pot Size per Rotation (Dalassi)	181 (162)
Pot Allocation Methods (No. of Kafos reporting)	
By Order of member recruitment	6
By member request	3
Lottery	2
Primary Uses of Osusu funds (no. of kafos reporting)	
Consumption	9
Trading and Farming	3

<sup>a</sup> Standard deviations are given in parentheses.

**Table 5. Original and Current Functions Performed by Kafos**

Kafo Functions	NGO Kafos		Indigenous Kafos	
	Original <sup>a</sup>	Current <sup>b</sup>	Original <sup>a</sup>	Current <sup>b</sup>
	(Number of kafos reporting)			
Common Plot (Insurance)	0	0	11	12
Common Activity <sup>c</sup>	5	5	3	3
Non-rotating Savings and Credit Activities	2	2	9	9
Rotating Savings and Credit Activities	2	2	4	8
Labor	1	1	5	5
Social and Political	1	1	9	10
Total No. of Activities	11	11	41	47
Total No. of Kafos	4	4	19	19
Average No. of Activities/Kafo	2.8	2.8	2.2	2.5

- a Original refers to the activities undertaken by kafos at the time they were originally created.
- b Current refers to the activities undertaken by kafos at the time of survey in February 1993.
- c Refers to ram fattening, soap making, vegetable farming and operating common machinery.

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